

**OUTGOING  
TELEGRAM**

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# Department of State

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153 JAN 26 PM 8

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WASHINGTON TEXT

55-52

Origin

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(Offices  
Only)

SENT TO: **Embassy BONN 1619** **PRIORITY**  
**Embassy LUXEMBOURG 1619** **PRIORITY**  
**Embassy BRUSSELS 1619** **PRIORITY**  
**Embassy PARIS 1619** **PRIORITY**  
**Embassy THE HAGUE (OSCK)**  
**Embassy ROME (OWE)**

**S/S**

SOIT TO  
FALLS-1  
CLUE 2  
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CLUE 5  
CLUE 6  
CLUE 7  
CLUE 8  
CLUE 9  
CLUE 10

Re BONN's 1557, LUXEMBOURG's COLU 145 RPT'D BONN COLU 37

1. Dept greatly disappointed and concerned FedRep finds it necessary in-  
voke quota-tariff restrictions on coal imports as described Embtel 1557. Emb  
correct in telling Erhard we could not agree to statement that we QUOTE under-  
stood reasons for action and that we had been in contact and had come to under-  
standing with FedRep this matter UNQUOTE. We are still not convinced that  
German domestic situation so precarious as to justify this serious interference  
with international coal trade, effect of which will deal heavy blow to seriously  
weakened US coal industry.

2. Emb requested deliver at highest appropriate level following note  
soonest. Following standard opening, begin suggested text:

Government of the United States deeply regrets Federal German Government  
has decided to depart from its liberal trade policy by imposing tariff quotas  
on the importation of coal into Germany. The United States had expected that  
other and more efficacious measures would be used by the German coal industry

Drafted by: EUR:GER:GEA:WHE:ay:JD:Vine:jg  
EUR:RA:RKuminsky:RM 1/26/59

Telegraphic transmission and  
classification approved by:

W.T.M. Beale

GER - Mr. Hillenbrand (in draft)  
H - Miss Kirlin (in draft)

CPT - Mr. Brown (in substance)  
RA - Mr. Timmons

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to overcome the problems brought about by the current temporary coal surplus in Germany. The fact that in these circumstances the Federal Republic has announced its intention to take restrictive unilateral governmental action to alleviate the problems of the German coal industry will result in a breaching of contracts between American coal suppliers and German importers and will transfer to the United States coal industry the main burden of making adjustments to overcome the temporary coal surplus situation in the Federal Republic. The proposed German action will deal a heavy blow to the American coal industry which has already been far more adversely affected by current developments than has the German coal industry. Moreover, the proposed Federal Republic's action may impair the capability of the American coal industry to supply adequate quantities of high grade coal at competitive world prices to meet German long term fuel import requirements. This development, by depriving Germany of an economical source of energy, could bring about lasting adverse effects on the German economy. These disadvantages will be incurred without any discernible prospect that the basic and recurring weaknesses of the German coal industry will be corrected.

United States Government notes that the Federal German Government intends during 1959 to allow a minimum of 3.56 million tons of coal from the United States to enter the Federal Republic duty-free.

The United States notes the German statement that the High Authority of the Coal-Steel Community agreed with the measures taken by the German Government. On the other hand, the United States also takes note of a High Authority Press communique issued January 24 to the effect that the German Government did not consult the

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-3- # 1619 to Bonn

High Authority in announcing its action and that the measures published by the German Government can be applied in the Community only in execution of Article 1 of the ECSC Treaty and upon recommendation of the High Authority. The United States is most anxious to obtain clarification of this situation, particularly in view of the obligations undertaken by the countries of the Community in the waiver granted by the GATT.

The text of this note is being made available to the HA. End text.

3. At time delivery note, Emb requested state orally US Govt surprised FedRep had not carefully complied with its treaty obligations by fully consulting with HA prior to public announcement German intention restrict coal imports. We informing our HA/view this matter, particularly since preamble to GATT waiver involved (Luxembourg Colux 145, rptd Bonn as Colux 23).

4. Re Colux 145:

A. Dept shares USEC and HA concern significance of unilateral FedRep coal action on power and authority of HA and implications for EEC and EURATOM. Although Dept recognizes HA problems which have diluted vigor their dealings with Germans, consider HA should have been fully aware of US views on German and Community coal problem through discussions high level US officials. CSC-HA should at minimum been able on its own keep abreast German situation, in their own Community interest, and have been prepared take measures forestall German action taken last week.

B. Dept impressed with suggestions developed in Butterworth-Spiereburg discussions (Colux 145) for actions to influence nature of German coal import as soon. Main difficulty at present, however, to proceeding along those suggested lines is

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... to ...  
...  
... to ...  
... is ... from basic considerations involving ...  
... further consultation ... American coal industry.  
... Dept sees advantage for foreign policy reasons, to Community ...  
... leadership, Dept not rpt not in position negotiate, without ...  
... support, either with HA or FedRep, quantitative limitations US coal ...  
... by valid contracts. Dept arranging meet coal industry reps ...  
... January 28 and will ascertain whether they on behalf chief affected ...  
... elements in coal industry prepared and willing discuss possible compromise ...  
... on proposed German coal import restrictions affecting American coal. If response ...  
... American coal industry favorable to some line action leading to negotiated settle ...  
... ment within HA framework, (this may come after several more days of intra-industry ...  
... consultation), Dept would probably be in position to adopt main lines of action ...  
... outlined Colux 145. Dept would of course undertake consultations with US anti ...  
... authorities before instructing USEC.

C. Mission requested make available text note to FedRep, advise HA of ...  
... January 28 consultations with reps American coal industry, and stress US interest ...  
... strengthening HA, especially in matters involving trade policy. Mission ...  
... week delay by HA in acting on FedRep request for formal approval its proposed coal ...  
... import restrictions, pending determination by Dept of US coal industry reactions ...  
... proposals along lines outlined refal.

D. Emb at its discretion (subject any comments USEC makes directly to Emb) may ...  
... indicate in general way Dept's thinking re possible HA action this matter to ...

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FOR THE DIRECTOR



trans is in this case. Some of the considerations involve  
 without further consultation with American coal industry.  
 Although Dept sees advantage for foreign policy reasons, to community  
 under HA leadership, Dept not rpt in position negotiate, without the  
 labor support, either with HA or FedRep, quantitative limitations on coal  
 covered by valid contracts. Dept arranging with coal industry reps on  
 afternoon January 28 and will ascertain whether they on behalf of affected  
 elements in coal industry prepared and willing discuss possible compromise position  
 on proposed German coal import restrictions affecting American coal. If response  
 American coal industry favorable to some line action leading to negotiated settle-  
 ment within HA framework, (this may come after several more days of intra-industry  
 consultation), Dept would probably be in position to adopt main line of action  
 outlined Colux 145. Dept would of course undertake consultations with US anti-trust  
 authorities before instructing USGC.

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 January 28 consultations with reps American coal industry, and stress US interest  
 strengthening HA, especially in matters involving trade policy. Mission req  
 week delay by HA in acting on FedRep request for formal approval its proposed coal  
 import restrictions, pending determination by Dept of US coal industry reactions  
 proposals along lines outlined refal.

5. Emb at its discretion (subject any comments USGC makes directly to Emb) may  
 indicate in general way Dept's thinking re possible HA action this matter to German

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